

**CANADIAN
GENERAL ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
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MCGILL UNIVERSITY

PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,
Toronto

March 11, 1942.

To the Shareholders,

Canadian General Electric Company, Limited.

We have examined the Balance Sheet of the Canadian General Electric Company, Limited, as at December 31, 1941, and the statement of Income and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate.

The cash and bank balances have been confirmed by count or by certificates from the depositaries.

The marketable and other securities were inspected or confirmed by acknowledgments from the custodians.

We have scrutinized the accounts and notes receivable and believe that full provision has been made for possible losses through doubtful debts. Requests for confirmation of accounts receivable were mailed to a number of debtors, selected by us, and notifications of exceptions were explained to our satisfaction.

Certified inventories of merchandise, work in progress and materials and supplies have been submitted to us. We have satisfied ourselves that these inventories have been taken in a careful manner, that ample allowance has been made for inactive and obsolete stocks and that they are conservatively stated at an amount not exceeding the lower of cost or market value, less reserves. We reviewed the plan and system of control adopted for inventory purposes and observed the taking of the inventory with respect to certain items selected by us, thereby satisfying ourselves that the methods of taking and recording the quantities were carried out effectively.

Expenditures charged to the property, plant and equipment accounts during the year, in our opinion, were properly capitalized as representing additions or improvements. The provision for depreciation for the year appears to be adequate.

All ascertained liabilities have been included in the accounts.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary Companies for 1941 are included in income from investments in the attached income statement only to the extent of dividends received; such dividends were not in excess of the Company's share of the aggregate of the profits of all subsidiaries.

We report that, in our opinion, based upon such examination, the accompanying Balance Sheet and related statement of Income and Earned Surplus are properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the Company's affairs as at December 31, 1941, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1941

Income from Operations after deducting depreciation of \$1,137,539.56, salaries of officials and legal expenses of \$134,313.33, Directors' fees of \$10,958.75 and transferring \$750,000.00 to working reserves....	\$7,979,350.20
Income from investments.....	641,943.11
Profit from securities sold.....	458,262.50
Net income for the year before providing for income and excess profits taxes.....	9,079,555.81
Provision for income and excess profits taxes.....	6,600,000.00
Net income for the year.....	2,479,555.81
Earned surplus as at January 1, 1941.....	9,655,510.72
Earned surplus available for dividends.....	\$12,135,066.53
Dividends on preferred stock.. \$ 105,000.00	
Dividends on common stock.. 1,510,760.00	1,615,760.00
Earned surplus as at December 31, 1941.....	<u><u>\$10,519,306.53</u></u>

CANADIAN GENERAL ELE
BALANCE SHEET,

ASSETS

Current assets:

Cash on hand and in Banks.....	\$ 4,415,355.98
Dominion Government Treasury Bills....	998,823.30
Government bonds.....	7,958,237.50
(Quoted market value \$7,971,487.50)	
Accounts and notes receivable, less reserve	6,384,512.13
Inventories at not exceeding the lower of cost or market value, as determined and certified to by the management, less reserves including a special reserve of \$552,847.18 as permitted by the Excess Profits Tax Act.....	12,297,350.02
	<u>\$32,054,278.93</u>
Less: Advance collections on contracts..	3,433,462.07
Total current assets.....	<u>\$28,620,816.86</u>

Other assets:

Investment securities, less reserves.....	\$ 3,232,395.10
(Quoted market value \$3,314,953.46)	
Securities of subsidiary companies.....	427,713.81
Employees' savings plan.....	91,863.43
Prepaid expenses.....	46,638.68
Total other assets.....	<u>\$ 3,798,611.02</u>

Fixed assets:

Manufacturing plant including land, buildings and machinery; head office and branch office properties; at cost...	\$19,336,208.83
Less: Depreciation reserves.....	10,374,331.46
	<u>\$ 8,961,877.37</u>
Patents and franchise.....	1.00
Total fixed assets.....	<u>\$ 8,961,878.37</u>
	<u><u>\$41,381,306.25</u></u>

Signed on behalf of the Board:

D. C. DURLAND, DIRECTOR.
A. E. DYMENT, DIRECTOR.

CTRIG COMPANY, LIMITED
DECEMBER 31, 1941

LIABILITIES AND CAPITAL

Current liabilities:

Accounts payable.....	\$ 2,300,485.77
Taxes payable, including provision for income and excess profits taxes.....	7,452,935.03
Sundry accrued charges.....	1,265,654.89
Dividend declared on preferred stock.....	26,250.00
Dividend declared on common stock.....	377,690.00

Total current liabilities.....	\$11,423,015.69
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General reserve.....	\$ 7,696,734.03
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Capital stock:

Special Employees' Preferred:

Authorized—50,000 shares, par value
\$50.00 each (callable at par).

Issued—46,000 shares.....	\$ 2,300,000.00
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Common:

Authorized and issued—188,845 shares,
par value \$50.00 each.....

9,442,250.00

Total capital stock.....	\$11,742,250.00
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Earned surplus as at December 31, 1941.....	\$10,519,306.53
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\$41,381,306.25

The auditors' report to the Shareholders appears on
the first page.

ANNUAL REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS OF
CANADIAN GENERAL ELECTRIC COMPANY, LIMITED
TORONTO, CANADA MARCH 18, 1942

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1941, and Statement of Income and Earned Surplus, certified by the Company's Auditors, Peat, Marwick, Mitchell & Co., Chartered Accountants.

The volume of orders received and sales billed in 1941 was substantially higher than in the previous year, and was the largest in the history of the Company. A major portion of the Company's manufacturing capacity is devoted to the production of a wide range of special war equipment as well as regular products for the generation, distribution and utilization of electric power in war industries.

Net profits for the year, after provision for all charges including depreciation, income and excess profits taxes, amounted to \$2,479,556, as compared with \$2,308,019, an increase of \$171,537. Provision for income and excess profits taxes in 1941 totaled \$6,600,000 against \$3,004,905 in 1940, an increase of \$3,595,095, which accounts for the small increase in net profits.

Dividends on the special employees' preferred stock, at the rate of 5% per annum, amounted to \$105,000. Dividends on the common stock totaled \$1,510,760, being \$8.00 per share. Total dividends paid for the year were \$1,615,760, and the sum of \$863,796 was added to earned surplus, making the balance in that account \$10,519,307 at December 31, 1941.

Current assets amounted to \$28,620,817, an increase of \$5,777,972, while current liabilities totaled \$11,423,016, an increase of \$4,706,779. The excess of current assets over current liabilities, or working capital, amounted to \$17,197,801, an increase of \$1,071,193.

The Company has no funded debt, notes payable, or other interest bearing obligations of any kind.

Cash amounted to \$4,415,356, Dominion of Canada Treasury Bills \$998,823, Government bonds \$7,958,238, and investments other than Government bonds, principally in industrial securities, \$3,232,395. These items aggregated \$16,604,812, an increase of \$739,922.

Government bonds are carried in the Balance Sheet at the lower of par or market value, and other investment securities are carried at values not exceeding either cost or market. Securities of subsidiary companies are conservatively valued at \$427,714, and the dividends received during the year are included in income from investments.

Accounts and notes receivable amounted to \$6,384,512, an increase of \$1,193,216, and adequate reserves are provided for possible losses. Inventories of \$12,297,350 show an increase of \$2,388,869, resulting from the larger volume of orders received. In accordance with the established practice of the Company, inventories are valued at an amount not exceeding the lower of cost or market value, and appropriate reserves have been provided for obsolescence and shrinkage in value.

The Company's manufacturing plants and other properties have been maintained in excellent condition. During the year expenditures for additions and replacements amounted to \$2,322,087, and depreciation for the year was \$1,137,540. There was an increase of \$1,085,344 in the net book value of plants and other properties.

During 1941 an amount of \$295,000 was paid into the Canadian General Electric Pension Trust, making a total of \$1,485,000 paid into this Trust.

The amount of special employees' 5% preferred stock held by the employees of the Company on December 31, 1941, was 45,475 shares having a par value of \$2,273,750. An extra payment of 2% was made in 1941 to employees

holding shares under the Employees' Savings and Investment Plan.

The Company has suspended the usual annual offering of the special shares to employees so that they could divert their savings to the purchase of Government Victory Bonds and War Savings Certificates. Convenient facilities have been provided for purchasing such Bonds and Certificates by regular payroll deductions, and the employees have subscribed very liberally.

Early in 1941 the Company inaugurated the payment of a cost of living bonus to all employees receiving \$3,000 per year or less, based on the cost of living index as computed by the Dominion Bureau of Statistics, and in conformity with the Dominion Government's war-time wage policy.

The Company has continued its other employees' benefit plans, such as group life insurance, under which the employees are insured for a total of \$9,174,128, and vacations with pay to hourly rated employees and piece workers, as well as to the salaried staff.

Your Directors deeply regret to record the death of their esteemed colleague, Sir Herbert S. Holt, who had been a valued Director of your Company for forty-two years.

The Board of Directors and Officers take pleasure in again expressing their appreciation of the loyal and co-operative services rendered by the employees of the Company.

By order of the Board of Directors.

D. C. DURLAND,
Chairman and President.

EXECUTIVE OFFICERS

D. C. DURLAND, Chairman of the Board and President

Vice-Presidents

H. M. TURNER

J. C. MACFARLANE, K.C.

Comptroller

C. E. HIPPE

Treasurer

E. I. JENKING

Secretary

W. H. NESBITT

BOARD OF DIRECTORS

D. C. DURLAND, CHAIRMAN OF THE BOARD AND PRESIDENT.

A. E. DYMENT,

VICE-PRESIDENT, ROYAL BANK OF CANADA.

DIRECTOR, CANADA & DOMINION SUGAR COMPANY, LIMITED.

STEPHEN HAAS.

CHAIRMAN, GEO. H. HEES, SON & COMPANY, LIMITED.

DIRECTOR, ROYAL BANK OF CANADA.

H. C. COX.

DIRECTOR, CANADA LIFE ASSURANCE COMPANY.

DIRECTOR, CANADIAN BANK OF COMMERCE.

HON. F. B. McCURDY.

PRESIDENT, EASTERN TRUST COMPANY.

DIRECTOR, BANK OF NOVA SCOTIA.

R. S. McLAUGHLIN.

PRESIDENT, GENERAL MOTORS OF CANADA, LIMITED.

VICE-PRESIDENT, DOMINION BANK.

PHILIP D. REED.

CHAIRMAN, GENERAL ELECTRIC COMPANY.

DIRECTOR, BANKERS TRUST COMPANY.

HON. W. D. ROSS.

VICE-PRESIDENT, BANK OF NOVA SCOTIA.

DIRECTOR, INTERNATIONAL POWER COMPANY.

G. HARRISON SMITH.

PRESIDENT, IMPERIAL OIL LIMITED.

DIRECTOR, ROYAL BANK OF CANADA.

A. M. STEWART, K.C.

CANADIAN GENERAL ELECTRIC COMPANY LIMITED

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.	FORT WILLIAM, ONT.
SYDNEY, N.S.	WINNIPEG, MAN.
ST. JOHN, N.B.	REGINA, SASK.
QUEBEC, QUE.	SASKATOON, SASK.
MONTREAL, QUE.	CALGARY, ALTA.
SHERBROOKE, QUE.	EDMONTON, ALTA.
OTTAWA, ONT.	LETHBRIDGE, ALTA.
HAMILTON, ONT.	TRAIL, B.C.
LONDON, ONT.	NELSON, B.C.
WINDSOR, ONT.	KELOWNA, B.C.
NEW LISKEARD, ONT.	VANCOUVER, B.C.
SUDBURY, ONT.	VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS	PETERBOROUGH, ONT.
DAVENPORT WORKS	TORONTO, ONT.
WARD STREET WORKS	TORONTO, ONT.
EDISON MAZDA LAMP WORKS	TORONTO, ONT.
VACUUM TUBE WORKS	TORONTO, ONT.
ARCHITECTURAL BRONZE & IRON WORKS	TORONTO, ONT.
CARBOLOY WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

